

Bank of America Announces Nationwide Homeownership Retention Program for Countrywide Customers

Nearly 400,000 Countrywide Borrowers Could Benefit After Program Launches December 1

CALABASAS, Calif., Oct. 6 /PRNewswire/ -- Bank of America today announced the creation of a proactive home retention program that will systematically modify troubled mortgages with up to \$8.4 billion in interest rate and principal reductions for nearly 400,000 Countrywide Financial Corporation customers nationwide.

The program was developed together with state Attorneys General and is designed to achieve affordable and sustainable mortgage payments for borrowers who financed their homes with subprime loans or pay option adjustable rate mortgages serviced by Countrywide and originated prior to December 31, 2007. Bank of America acquired Countrywide July 1, 2008.

"We are confident that together with the Attorneys General we have developed a comprehensive program that provides more solutions than ever before to assist troubled borrowers and put them back on the path to sustained home ownership," said Barbara Desoer, president, Bank of America Mortgage, Home Equity and Insurance Services. "Since acquiring Countrywide in July, we have committed significant resources and developed innovative programs to help as many Countrywide customers as possible stay in their homes."

Countrywide mortgage servicing personnel will be equipped to serve eligible borrowers with new program elements by December 1, 2008 and will then begin proactive outreach to eligible customers. Foreclosure sales will not be initiated or advanced for borrowers likely to qualify until Countrywide has made an affirmative decision on the borrower's eligibility.

The centerpiece of the program is a proactive loan modification process to provide relief to eligible borrowers who are seriously delinquent or are likely to become seriously delinquent as a result of loan features, such as rate resets or payment recasts.

Various options will be considered for eligible customers to ensure modifications are affordable and sustainable. First-year payments of principal, interest, taxes and insurance will be targeted to equate to 34 percent of the borrower's income. Modified loans feature limited step-rate interest rate adjustments to ensure annual principal and interest payments increase at levels with minimal risk of payment shock and redefault. Modification options include, among others:

- FHA refinancing under the HOPE for Homeowners Program;
- Interest rate reductions, which may be granted automatically through streamlined processing; and
- Principal reductions on Pay Option adjustable rate mortgages that restore lost equity for certain borrowers.

The program applies to eligible mortgage loan customers serviced by Countrywide and who occupy the home as their primary residence. Under the national program, Countrywide will not charge eligible borrowers loan modification fees, and Countrywide will waive prepayment penalties for subprime and pay option ARM loans that it or its affiliates own. Some loan modifications will be subject to compliance with servicing contracts and some will require investor approval.

"Now more than ever homeowners and home buyers are looking to Bank of America as the lender they trust and as a leader that can renew America's confidence in home ownership," said Desoer. "Combined with our strong track record in responsible lending and previously announced lending practices commitments, this bold new program makes it clear that Bank of America is committed to be the leader in responsible mortgage lending practices."

As part of agreements to resolve outstanding claims against Countrywide by certain states, borrowers in participating states will additionally be eligible to access their share of:

-- A Foreclosure Relief Program of \$150 million on a nationwide basis for payment to eligible Countrywide servicing customers who suffered foreclosure or are currently at serious risk of foreclosure having made only minimal payments since the time their mortgages were originated by Countrywide; and

--An additional program, projected to make payments up to \$70 million to support customers with loans serviced by Countrywide who face imminent foreclosure, providing financial assistance with their transition from home ownership.

As part of the state agreements, Countrywide is further committing to eligible borrowers in participating states, it will waive late fees associated with a borrower's default in finalizing modifications under the program.

In addition, states that have not yet become participants in this program will be provided an opportunity to do so, which would enable their residents who are eligible Countrywide borrowers to become eligible for these benefits.

"Our program represents principal and interest reductions over time to borrowers on loans Countrywide owns and on loans Countrywide services on behalf of investors," said Joe Price, Bank of America Chief Financial Officer. "By taking projected foreclosure losses and instead directing those funds into these proactive foreclosure prevention efforts, we create a solution in the best interests of both our customers and the investors whose loans and securities we service. Of the eligible loans, about 12 percent are now held by Bank of America. The cost of restructuring these loans is within the range of losses we estimated when we acquired Countrywide."

Bank of America is one of the world's largest financial institutions, serving individual consumers, small and middle market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk-management products and services. The company provides unmatched convenience in the United States, serving more than 59 million consumer and small business relationships with more than 6,100 retail banking offices, more than 18,500 ATMs and award-winning online banking with more than 25 million active users. Bank of America offers industry leading support to more than 4 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients in more than 150 countries and has relationships with 99 percent of the U.S. Fortune 500 companies and 83 percent of the Fortune Global 500. Bank of America Corporation stock (NYSE: BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.

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